



(SISD)1635-049706

Resource Opportunities for Funding System Modernization Initiatives



Introduction

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Acquisition Reform Requires a Cultural Change Which Focuses On Constantly and Aggressively Pursuing Innovative New Ways Of Doing Business Throughout the Life Cycle of a System.

Memorandum for the Defense Acquisition Community, Subject: Update of the DOD 5000 Documents:

1. Commercial Products

“Integrating a constricting industrial base and fast-paced technology sector mandates that DoD fully implement the statutory preference for the acquisition of commercial items by federal agencies...”

2. Best Practices

“Acquisitions of the future must take into account customary commercial practices in developing acquisition strategies and contracting agreements.”



“The Problem”

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There are no separate funding programs identified specifically to address obsolescence issues

Resourcing strategy...

- ✧ **Must leverage existing resources to solve multiple problems simultaneously**
 - Enhance reliability, maintainability, and supportability
 - Reduce O&S costs
 - Eliminate obsolete components
 - Optimize maintenance concepts
- ✧ **Continue to modernize and upgrade through spares**

The key to success in modernizing weapon systems is leveraging existing cost reduction programs



How to Meet the “Resource Challenge”

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Objective: Examine Existing Programs To...

- **Adapt Commercial Products and Procedures**
 - In lieu of conducting internal R&D
 - As a means of modernizing and enhancing performance
 - As a means of lowering risk
 - Realize O&S savings from reliability growth and reduced sustainment burden
- **Insert Proven Advanced Technologies at the Component and Sub-component Levels to Modernize**

**Commercialization and Technology Insertion
are key methods to resolving obsolescence issues**



The Challenge -- A Tough Resourcing Environment

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DOD and the Army are in the middle of an era of Downsizing and Declining Budgets -- but must facilitate the means to...

- Foster modernization and enhance performance
- Reduce the looming Operation and Sustainment costs of high technology systems
- Better utilize remaining manpower

Resolving obsolescence issues should be inherent in all of our objectives



Resourcing Guidelines

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Major Premises:

- Use scarce R&D Dollars for Critical Mission Areas -- use proven successes for routine and standard functions
- Focus on reducing investment and long term sustainment costs
- Enhance “reliability” -- has significant life cycle impacts
- Keep an “eye” on Obsolescence -- will add major costs to the repair process

**Leverage your dollars to achieve
maximum benefits**



DoD & DA Resourcing Programs

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Funding Pools to Incentivize Improvements:

- **Supply Management Army-Operating and Support Cost Reduction (SMA-OSCR)/Technology Insertion (TI)**
- **Reliability, Maintainability, and Supportability (RM&S) Supply Depot Maintenance Modification (PBD 714)**
- **Commercial Technology Insertion Program (CTIP)**
- **Savings Through Value Enhancement (SAVE)
[Value Engineering (VE)]**
- **Dual Use Applications Program (DUAP)**

**These Programs Can Provide Resources
for Solving Our Modernization and Obsolescence Challenges**



SMA-OSCR

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Objective: To fund engineering design efforts that...

- Reduce secondary item acquisition costs
- Extend the life of the item and/or
- Improve reliability, maintainability, and Supportability

Purpose: To facilitate the improvement or replacement of individual components, assemblies, or modules for presently fielded systems that reduce O&S costs during the system's life

CRITERIA

Program will fund secondary item redesign/reengineering that involves:

- Redesign of an individual item or an assembly of items
- Development and validation of maintenance or repair applications or procedures that permit repair/rebuild rather than replacement
- “Minor” modifications of end item configurations through the addition of component that extend the life of another component

Will not fund production or implementation of kits



PBD 714 *

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Objective : To generate savings in Operating and Maintenance (O&M) outlays by financing weapon systems reliability, maintainability, and supportability investment to reduce DOD costs of ownership for end items repaired at Depot level

Purpose: To facilitate improvements in fielded weapon or support systems to improve reliability and other factors

CRITERIA

Will Fund Programs Which:

- Involves inserting proven technology into existing active systems to:
 - Reduce failure rates of system components
 - Increase component mean time between required depot maintenance
 - Make depot maintenance process more efficient and less costly
- Results in changes to end items/existing weapon systems through modification or replacement of depot level repairable component
- Results in increased/improved reliability, maintainability, or supportability so that real cost savings accrue to the Depot Maintenance and Supply Management business area (or their customers)

Will fund redesign/reengineering effort, validation, production, and application of kits

* Currently a budget line item with a 2 year lead time due to PPBES submission cycle



CTIP **

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Objective: To leverage the advances being made by commercial firms in technologies important to national defense

Purpose: To facilitate the insertion of commercial technologies into military systems by helping defray costs of qualification, testing, and/or redesign

CRITERIA

Will Fund Programs:

- That have a high probability of success
- That result in a positive ROI over the life of the system
- That improves system performance
- That apply to more than one system and has a wide applications throughout DoD
- That present a realistic assessment of the feasibility/risk associated with the project
- That can be executed within a reasonable time frame and within funding requested
- That are at a stage of maturity and viability to readily facilitate near term insertion
- Where those submitting proposals are willing to share in the cost and risk associated with the technology insertion

**Submitted through Acquisition Chain to SARDA



SAVE

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Objective: To fund cost savings initiatives to improve Reliability and Maintainability (R&M) for DLA managed items

Purpose: To provide VE candidates improvements related to reliability and maintainability of fielded system components

CRITERIA

- **Must be a DLA resource item**
- **Reduces item acquisition costs**
- **Extend the life of the item**
- **Improve reliability, maintainability, and supportability**
- **Secondary item criteria is same as for SMA-OSCR**



DUAP

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Objective: To reduce O&S costs by inserting the same technologies used in commercial systems into military systems

Purpose: To prototype an approach the services and industry can adopt to routinely insert commercial technology into existing systems to reduce O&S costs

CRITERIA

- **Proposals submitted must emphasize O&S cost reductions**
- **Proposals must include provisions for cost sharing**
- **Key to success is O&S cost reductions and cost sharing**
- **Funds are limited to non-recurring engineering and demonstration efforts**
- **Follow-on effort will be industry proposals for fixed-priced “kits”**



Conclusion

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- ★ **Obsolescence is a continuous problem which everyone must address**
- ★ **DoD and DA Programs provide opportunities for funding**
- ★ **Leveraging resources for maximum benefit is key to success**

SEPD has the mission, technology base, and skilled personnel to assist you in leveraging your opportunities



Key to Achieving Resourcing

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Fundamental Principle: Return on Investment

How to Measure:

- **Specifics on Dollars Saved/Avoided**
- **Tangible Investment and O&S Reductions
(Tooling, Spares, People, Testing)**



How to Meet the Resource Challenge

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**Focus: Must Examine Our Existing Programs
(Can't continue to do business the way we have)**

- ✧ **Adapt Commercial Products and Procedures Where It Makes Sense**
- ✧ **Use Proven Successes of Other Programs**
- ✧ **Insert Advanced Technologies at the Component and Sub-component Levels**

**Use all programs and initiatives to solve
obsolescence problems**